

Current State of the 2015-2020 SBP

Presentation to the Customer Review Panel

October 26, 2016



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Background - SBP Goals

A transparent six-year business plan (2015-2020) and predictable rate path for all lines of business

- Maintain current service levels
- Identify specific new investments
- Commit to efficiencies and savings
- Tie these investments and savings to a specific rate path



Background - Four Focus Areas

1. **Public Health and the Environment:** Better protecting your health and our environment
2. **Operational Excellence:** Improving how we work to deliver consistent, high quality services
3. **Workforce:** Enhancing our services by continually updating employee skills
4. **Customer Experience:** Making it easier to get help and find answers



Gap Action Plans

- Gap Action Plans are actions to improve service quality and reliability.
- 27 Gap Action Plans originally identified in the 2015-2020 SBP; revised to 34.
- Quick stats:
 - 1 is near completion
 - 27 are on target for 2016 goals
 - 3 are in progress, but behind 2016 goals
 - 3 have been deferred or canceled



Gap Action Plan Highlights

Public Health and the Environment

Goal: We will provide utility services in a way that makes Seattle cleaner, greener and healthier.

Action Item	Overall Goal (Abbreviated)	2016 Goal (Abbreviated)	On Track for 2016	Percent Complete Overall
Climate Change Adaptation & Resiliency	SPU is business ready to anticipate and effectively respond to climate change.	Most of Piloting Utility Modeling Applications (PUMA) analysis completed; continue analysis of Intensity Duration Frequency (IDFs) curves.	No	0-25%
Energy Management & Carbon Neutrality	Implement a program so that Utility can achieve carbon neutrality.	2014 and 2015 green house gas inventories completed and verified; carbon neutrality portfolio completed.	Yes	0-25%
Street Sweeping	Expand existing street sweeping to remove 140 tons of pollutants to reduce Sound and waterway pollution.	Sweep 20,000 broom-miles to remove 140 tons of pollutants.	Yes	75-99%

Gap Action Plan Highlights

Operational Excellence

Goal: *We will increase value delivered to customers.*

Action Item	Overall Goal (Abbreviated)	2016 Goal (Abbreviated)	On Track for 2016	Percent Complete Overall
Broadview Drainage and Wastewater Project	Accelerate flooding and sewer backup prevention projects in the Broadview neighborhood.	Request design funding for two projects to help provide relief to the areas with the largest sewer and drainage impacts.	Yes	0-25%
South Park Drainage and Wastewater Projects	Develop and implement a formal drainage conveyance system to reduce chronic flooding in South Park.	Complete development of formal drainage conveyance system options.	Yes	25-50%
Sewer Rehabilitation	Increase the rate of sewer pipe rehabilitation and revisit our Sewer Pipe Renewal strategy.	Invest \$14M in rehab of the sewer system. Start updating the Sewer Renewal strategy and identifying possible improvements.	Yes	TBD

Gap Action Plan Highlights

Operational Excellence Continued

Action Item	Overall Goal (Abbreviated)	2016 Goal (Abbreviated)	On Track for 2016	Percent Complete Overall
Emergencies & Disasters	Create a comprehensive emergency plan for maintaining and restoring essential services in emergencies.	Scope the Comprehensive Emergency Management Plan, complete the draft outline, and begin data-gathering.	Yes	50-75%
Seismic Vulnerability	Develop a plan to protect the drinking water system from earthquakes.	Substantially complete the study, then translate recommendations into capital and O&M plans in 2017 and beyond.	Yes	50-75%
Valves	Improve maintenance and operations of the approximately 60,000 valves in the drinking water system.	N/A	N/A	0-25%

Gap Action Plan Highlights

Workforce

Goal: *We will have a high-performing, engaged workforce focused on customer outcomes.*

Action Item	Overall Goal (Abbreviated)	2016 Goal (Abbreviated)	On Track for 2016	Percent Complete Overall
Employee Performance Management	Develop effective systems, tools, and practices to continuously improve employee performance.	Participate in City Performance Management pilot; complete training activities to ready SPU's participant group for a roll-out of the new program in 2017.	Yes	0-25%
Talent Management	Implement a comprehensive talent management system to keep critical knowledge in SPU.	Complete internal assessment of hiring and selection process. Participate on citywide team tasked with redesigning hiring process.	Yes	25-50%
Absence & Disability Management	Develop a system to manage and prevent employee absences and disabilities.	Develop a policy and procedure for administration of the Return-to-Work program; present to Seattle Dept. of Human Resources for approval.	Yes	25-50%

Gap Action Plan Highlights

Customer Experience

Goal: *We will achieve internal and external customer expectations.*

Action Item	Overall Goal (Abbreviated)	2016 Goal (Abbreviated)	On Track for 2016	Percent Complete Overall
Service Equity	Actively ensure that all communities and customer groups have equal access, service delivery, and ability to use services.	Implement Branch Equity Teams. Partner with three community organizations to engage historically underserved customers.	Yes	25-50%
Web Presence	Develop websites where customers can easily accomplish their tasks.	Complete Web Strategic Plan and deploy mobile-friendly design on top pages of seattle.gov/util .	Yes	25-50%
Development Services	Centralize and streamline the utility permit, service, and sales functions for development customers.	Improve customers' understanding of policies and procedures, ensure the provision of consistent and fair requirements, and improve customer service.	Yes	0-25%

Gap Action Plans

Looking Forward to 2018-2023

Potential actions to maintain and improve service quality and reliability in response to:

- Impact of transportations projects
- More stringent regulations and requirements
- Climate change
- Our aging infrastructure and deferred maintenance
- A growing and changing city

Efficiencies

- Efficiencies are actions or processes that will allow us to get more done with less work and save money.
- SPU's consultant recommended 44 efficiency actions in the 2015-2020 SBP; revised to 31.
- Quick stats:
 - 7 are completed
 - 7 are near completion
 - 5 are on target for 2016 goals
 - 12 have been deferred or were not pursued



Efficiency Highlights

LOB Alignment

Benefits of Alignment

- Clearer vision for the LOB
- Improved and more expedient decision-making
- Clearer and stronger roles and responsibilities
- More continuous improvement opportunities
- Improved communication at all levels
- More transparent financial allocations and easier CIP prioritization
- Better One Team



Efficiency Highlights

Completed Actions

Action Item	Overall Goal (Abbreviated)
Fleet Management	Create a service level agreement with FAS for fleet management services.
External Property Claims	Create a service level agreement with FAS for claims management services.
Negotiation Skills	32 Project Management Division staff trained by consultant in negotiation skills.

Efficiency Highlights

Actions in Progress and on Track for 2016

Action Item	Overall Goal 2015-2020 (Abbreviated)	2016 Goal (Abbreviated)	Percent Complete Overall
Financial Structure	Via the Summit project, create a new financial structure that more effectively tracks SPU costs and is linked to assets.	Develop a project coding structure to track operating costs by asset category and type of work.	25-50%
Enterprise Content Management Strategy	Implement SharePoint as SPU's primary platform for enterprise content management, including document management.	Start 75+ new SharePoint Online sites. Implement digital signatures for engineering plans and electronic signatures for SPU forms.	75-99%
Performance Metrics	SPU has a performance metrics system in place that includes service levels and metrics throughout SPU.	Each division has at least three measures in place. SPU has a system to collect and report out on these measures.	25-50%

Efficiency Highlights

Canceled or Deferred Actions

Action Item	Consultant Recommendation	Reason for Deferral / Not Pursuing
Chief Information Officer	Create a Chief Information Officer position that reports at the E-Team level with a Chief Knowledge Officer reporting to the CIO for knowledge management and business system analytics.	City IT consolidation
Strategic Environmental and Regulatory Interface and Information Management	Develop a central repository as the standard environmental management system and regulatory data management platform for SPU.	Lower priority for SPU
Field Crew Productivity	Optimize field staff skills, knowledge and abilities with broadened employee classifications and implementation of cross-training and cross divisional activities to increase skills.	Difficult to implement at this time

Efficiency Savings

	2015	2016	2017	2018	2019	2020
SBP Savings Targets	\$1.9M	\$2.4M	\$4.2M	\$5.6M	\$7.1M	\$8.7M
Actual Savings to Date	\$1.6M	\$1.96M				

2016 To Date:

- \$1.24M – Reallocated 8 vacant positions for Gap Action Plans and 3 vacant positions for core work
- \$720K - 50% productivity increase in sewer pipe cleaning (equivalent of 8 employees)
- Other efficiencies currently being quantified

Efficiencies and Savings





Looking Forward to 2018-2023

Four categories of savings:

1. **Budget savings** – Cost cuts that lead to a quantifiable reductions in the budget.
2. **Quantifiable efficiency savings** - Improved efficiencies that can be quantified and may or may not result in budget reductions.
3. **Unquantifiable efficiency savings** – Improved productivity or efficiencies that cannot be easily quantified.
4. **Quantifiable avoided costs** - Measures taken that lead to avoided future costs but are not "efficiency measures" .

Rate Path – Original and Current

<u>SBP</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2015-20</u>
Water	0.0%	5.2%	5.2%	4.1%	4.4%	2.6%	3.6%
Wastewater	0.8%	3.9%	1.8%	2.8%	7.2%	8.1%	4.1%
Drainage	9.8%	10.1%	8.1%	7.8%	8.1%	8.0%	8.6%
Solid Waste	4.2%	3.5%	6.0%	4.0%	2.9%	2.4%	3.8%
Combined	2.7%	5.0%	4.7%	4.2%	5.5%	5.2%	4.6%

<u>CURRENT</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2015-20</u>	
Water	0.0%	1.7%	2.7%	4.5%	4.6%	5.2%	3.1%	
Wastewater	0.8%	3.6%	4.6%	2.0%	7.7%	4.5%	4.1%	
Drainage	9.8%	9.9%	10.0%	7.6%	11.2%	7.7%	9.4%	
Solid Waste	5.1%	3.8%	6.0%	3.1%	3.3%	2.2%	3.9%	
Combined	2.9%	4.1%	5.3%	3.8%	6.2%	5.2%	4.6%	

Summary

SPU is nearly two years into the 2015-2020 SBP. We:

- Are on track with most of our gap action plans;
- Have seen many benefits from LOB alignment;
- Will meet or be close to 2016 efficiency target;
- Have stayed within the 4.6% annual rate path; and
- Have a lot of challenges going forward.